

LIVE ENTERTAINMENT TAX (LET) MICS REQUIREMENTS FOR 3RD PARTIES

In order to comply with the Gaming Control Board Minimum Internal Control Standards (below), 3rd parties hosting an event with live entertainment must supply the following documentation to Station Casinos:

- A copy of each entertainment contract (MICS #16 & #17)
- Copies of an on-line ticket (if sold on-line) and a ticket sold at the door (MICS #30). Tickets must display total admission excluding tax with a separate line for live entertainment tax. If a receipt cannot be provided to the guest with the breakdown of admission and tax, signage must be posted showing the breakdown.
- Detailed sales report (MICS #1, #2 & #29)
- Void/refund report with evidence of independent approval (MICS #4 & #6)
- Cash drop documentation/verification (MICS #7)
- Proof of cash variance investigations (MICS #8)

MINIMUM INTERNAL CONTROL STANDARD #LET 01: All admission charges are recorded in such a manner as to be readily identifiable by individual charge, in total, and by area for applicable periods of entertainment status. For charges recorded in a computerized point-of-sale system, the date/time and transaction number is also recorded for each individual charge.

MINIMUM INTERNAL CONTROL STANDARD #LET 02: Each individual admission is identified by type (i.e., taxable, nontaxable and complimentary).

Note: If an admission charge is for any required minimum purchase of food, beverage or merchandise, the method of distinguishing minimum food, beverage or merchandise sales from other sales not subject to LET is to be delineated in the written system of internal control pursuant to Regulation 6.090.

MINIMUM INTERNAL CONTROL STANDARD #LET 04: All cash register or point-of-sale system overrings or admission ticket voids require the authorization and verification of the shift supervisor or another individual independent of the transaction.

MINIMUM INTERNAL CONTROL STANDARD #LET 06: All admission refunds subject to entertainment tax require the authorization of appropriate personnel designated by management. Refund authorizations are documented and maintained to support the amount of refunds.

MINIMUM INTERNAL CONTROL STANDARD #LET 07: The computation of cash proceeds for each cashier is documented, verified, and signed by at least two employees.

MINIMUM INTERNAL CONTROL STANDARD #LET 08: The cashiers' banks are reconciled to the documentation used for admission charges, with an investigation being performed into large cash overages or shortages.

MINIMUM INTERNAL CONTROL STANDARD #LET 16: For one day each month, accounting/audit personnel review the following:

- a. The service charge or any other fee or charge to verify the correct amount has been included in the amount of the admission charge being reported as revenue.
- b. The executed contracts, if applicable, to determine if there are any discrepancies between the contract and the amount included in the admission charge being reported as revenue. Investigate and document any discrepancies.

Note: Pursuant to NAC 368A.500(2), the taxpayer is responsible for obtaining and keeping each contract entered into with an operator or a ticket service provider selling or distributing taxable admissions to a facility where live entertainment is provided.

MINIMUM INTERNAL CONTROL STANDARD #LET 17: Monthly, entertainment contracts, if used, and entertainment schedules are reviewed and reconciled to the periods during which admission charges are made.

Note: A reconciliation is not necessary for locations with a consistent and routine showroom/lounge entertainment schedule which is documented and retained.

MINIMUM INTERNAL CONTROL STANDARD #LET 29: For each entertainment area, including leased venues, at least annually accounting/audit personnel select one day and foot individual admission charges subject to entertainment tax on the cash register tape or the computerized system transaction report and trace the total to the total on the tape/system. Documentation (e.g., spreadsheet/calculator tape) evidencing performance of this procedure, and any variances noted, is maintained.

Note: The above MICS does not apply to ticket sales generated through a ticket broker.

MINIMUM INTERNAL CONTROL STANDARD #LET 30: At least quarterly, accounting/audit personnel review the admission ticket or display for each entertainment area for compliance with the provisions of NAC 368A.460. A sample of each type of ticket or display is maintained.